

Customer Expectations towards Banking Service

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ABSTRACT

Introduction:

Customer satisfaction reflects the expectations and experiences that the customer has with a product or service. Expectations reflect both past and current product evaluation and use experiences. Customers hold both explicit and implicit performance expectations for attributes, features, and benefits of products and services. The nature of these expectations will dictate the form of expectations.. Explicit Expectations, Implicit Expectations, Static Performance Expectations, Dynamic Performance Expectations, Technological Expectations, Interpersonal Expectations and Situational Expectations Customers are changing their expectations of everyone. Especially banks. The Connected Customer wants banking services that integrate with their connected life. If banks struggle to understand, but if they don't respond, they will lose customers by the millions. This is true of all segments but especially true with the fastest growing segment (millennials) and the most profitable consumer segment (wealth management). Even worse, banks risk losing small, middle-market and even large commercial customers, because users of bank services are often millennials. Their executives are also often wealth management customers. Keeping the regulatory and legal constraints in mind banks still have to find an answer to the services offered by non-bank entities. This can be easily done by harnessing the same tools that non-banking financial companies use. That is, make customized offers by accessing real time data with the use of powerful computing and by mastering mobile and computing technolog

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1. Explicit Expectations

Explicit expectations are mental targets for product performance, such as well-identified performance standards.

For example, if expectations for a color printer were for 17 pages per minute and high quality color printing, but the product actually delivered 3 pages per minute and good quality color printing, then the cognitive evaluation comparing product performance and expectations would be 17 PPM – 3 PPM + High – Good, with each item weighted by the associated importance.

2. Implicit Expectations

Implicit expectations reflect established norms of performance. Implicit expectations are established by business in general, other companies, industries, and even cultures.

An implicit reference might include wording such as “Compared with other companies...” or “Compared to the leading brand...”

3. Static Performance Expectations

Static performance expectations address how performance and quality are defined for a specific application. Performance measures related to quality of outcome may include the evaluation of accessibility, customization, dependability, timeliness, accuracy, and user friendly interfaces.

Static performance expectations are the visible part of the iceberg; they are the performance we see and—often erroneously—are assumed to be the only dimensions of performance that exist.

4. Dynamic Performance Expectations

Dynamic performance expectations are about how the product or service is expected to evolve over time. Dynamic expectations may be about the changes in support, product, or service needed to meet future business or use environments.

Dynamic performance expectations may help to produce “static” performance expectations as new uses, integrations, or system requirements develop and become more stable.

5. Technological Expectations

Technological expectations focus on the evolving state of the product category.

For example, mobile phones are continually evolving, leading to higher expectations of new features.

Mobile service providers, in an effort to limit a consumer’s ability to switch to new technology phones, have marketed rate plans with high cancellation penalties for switching providers, but with liberal upgrade plans for the phones they offer.

The availability of low profile phones with email, camera, MP3, blue tooth technology, and increased storage will change technology expectations as well as the static and dynamic performance expectations of the product.

These highly involving products are not just feature based, but *raise expectations* that enhance perceptions of status, ego, self-image, and can even evoke emotions of isolation and fear when the product is not available.

6. Interpersonal Expectations

Interpersonal expectations reflect the relationship between the customer and the product or service provider.

Person to person relationships are increasingly important, especially where products require support for proper use and functioning.

Support expectations include interpersonal sharing of technical knowledge, ability to solve a problem, ability to communicate, reduced time to problem resolution, courtesy, patience, enthusiasm, helpfulness, assurance that they understood my problem and my situation,

communication skills, and customer perceptions regarding professionalism of conduct, often including image and appearance.

7. Situational Expectations

In building a customer satisfaction survey, it is also helpful to evaluate why pre-purchase expectations or post-purchase satisfaction may or may not be fulfilled or even measurable.

The following conditions may be considered:

- Expectations may not include unanticipated service attributes that are new to that consumer.
- Expectations may be based on vague images, thereby creating wide latitude of acceptable performance and expected satisfaction.
- Product performance expectations and evaluations may be sensory and not cognitive, as in expectations of taste, style or image. Such expectations are not only difficult to evaluate and understand, but may change over time and with consumption.
- The product use may attract so little attention as to produce no conscious affect or cognition (evaluation). When measured, this results in meaningless satisfaction or dissatisfaction information.
- There may have been unanticipated benefits or consequences of purchasing or using the product (such as a uses, usage situations, or features not anticipated with purchase).
- The original expectations may have been unrealistically high or low.
- The product purchaser, influencer and user may have each been a different type of individual, each having different expectations.

What Do Customers Expect From Banks?

Customers are changing their expectations of everyone. Especially banks. The Connected Customer wants banking services that integrate with their connected life. If banks struggle to understand, but if they don't respond, they will lose customers by the

millions. This is true of all segments but especially true with the fastest growing segment (millennials) and the most profitable consumer segment (wealth management). Even worse, banks risk losing small, middle-market and even large commercial customers, because users of bank services are often millennials. Their executives are also often wealth management customers.

In “[Can Banks Ever Meet Customer Expectations?](#)” we took a high-level look at how customer expectations have been changing. The graphic shown below lists a number of attitudes and expectations that arise from today’s connected customer. Many of these apply to all businesses. But some are peculiar to banks. Either way, banks need to understand and respond to them. If they don’t, the threat of disruption from niche Fintech service providers and challenger banks will become a reality.

Many of these customer expectations will look familiar. But they take quite a different form in a connected society, and especially for digital natives who have grown up with social media. Let’s take a closer look at these expectations. Most of these appear to have a consumer bias. But remember that companies are operated by people who are also consumers. Their expectations bleed over into their business lives. This is part of what it means to live in a connected world.

Take Me Seriously

- Something has changed in the millennial generation. Well actually a lot has changed. But one of the most important changes is the expectation that businesses will take their customers seriously. We have always wanted to be appreciated and valued. But the connected generation expects it in several new ways. So I would include the following expectations:
- **Know me:** know enough about me to offer services I can use, when I need them. For example, know that I have just become a parent, or just retired, or started a business, and propose the right products for me. If I am in a business, this is more critical still. I expect you to know my needs for cash flow management, supply chain finance, investment management and things I didn’t even know you offer.

- **Respect me:** let me see that you think of me as a person, a valuable human being. Understand that sometimes I don't understand, and sometimes I do, and adapt accordingly.
- **Listen to me:** I expect to be paid attention to, no matter what media I am using. If I have a question, answer it. If I have a complaint, take it seriously and respond accordingly. If I rant on social media, pick up on the fact that I'm not happy! This applies equally whether I am a consumer, a business owner or a Corporate Treasury employee.
- **Be honest with me:** I know that mistakes happen. What I can never accept is excuses, or evasion, or downright lying. If you're honest with me, and work to put a mistake right, I'll respect you in turn and you'll keep my business. If not ...
- **Show I can trust you:** when you make a promise, keep it. Always, to the degree you can. If you promise to deliver a payment within 2 days, then make sure the recipient can use the funds in 2 days. If you promise to protect my data, then make sure you do. Otherwise, you'll lose my trust and my business in no time flat. If you make a mistake, then tell me! Nothing will lose my trust more than keeping me in the dark.
- **Work the Way I Work** Connected customers have become used to social media, with "always-on" and immediate response. They expect banks to work the same way.
- **Be where I am:** I expect to be able to access banking services wherever I am, through whatever device or channel is most convenient to me. I expect all my services to be available unless physically impossible. I also expect to be able to use all my banking products, whether consumer or business, seamlessly across channels.
- **Be there all hours:** My hours change a lot. Perhaps I work shifts, or party late, or travel a lot. I do business in London and Hong Kong as well as Los Angeles. I need my banking services on a 24x7 basis, so I expect you to be there too. That includes your people if I need to talk to somebody.

- **Respond now:** Don't keep me waiting on hold, whether the channel is phone, chat, text or even email. If I wanted an answer tomorrow, or in an hour's time, then that's when I'd ask the question or seek resolution. Value my time as apparently you want me to value yours.
- **Give Me Products I Want To Use** One of the biggest challenges facing banks is the novelty and innovation of Fintech offerings. Their products are just plain nice to use. Yes, I know that "all that glitters is not gold". But today's customer wants to enjoy business transactions.
- **Keep it simple:** whatever I'm doing, don't make it so hard. I don't want to have to spend time working out how to use a product, or how to ask a question, or how to talk to a real person.
- **Make it fun:** play games with me – that's how I learn, how I interact, how I grow. Gamification of business interactions is growing fast. As a bank I expect you to join in the fun. Of course that doesn't mean frivolous games, or irrelevant gimmicks. I have my Xbox for that.
- **Empower me:** give me access to all the tools I need and want. Give me the ability to help myself when I want to, without having to ask for help. Help me to feel in control of my finances. Give me options without confusing or complicating things.
- **Be the Kind of Bank I Want To Work With** We want to think that the organizations they work with are organizations that care. This is especially true of millennials. As well as wanting to be respected, we also want to work with companies that are worthy of our respect.
- **Be involved:** let me see that you care about my community, and my world. Develop and offer products that increase financial inclusion. Provide loans for good causes. Advocate for economic justice.
- **Be green:** don't waste the earth's resources. When electronic communication is good enough, don't send paper (and never send the same paper more than once!) Show a

commitment to natural energy. Be known as a company that values all of the parts of the world in which you operate.

- **Nothing New Under the Sun?** You might say that there is nothing new here. We have always wanted to be treated well. We've always expected good service. But in this connected generation, But in this connected generation, our old expectations now look quite different.
- Those of us who are digital immigrants think we understand what is expected. But I suspect we don't really. We've adapted to new media and communication styles. But they are like a second language to us and we miss nuances that only a native speaker can pick up.
- So bankers who design and deliver business and consumer banking products have their work cut out. Fintechs have addressed some of these needs in niche products, but they need banks for the whole picture as much as banks need them.
- In my next post I'll take a look at some of the barriers and obstacles banks face. I'll also explore some of their great opportunities in meeting customer expectations.

How Banks Can Effectively Manage Customer Expectations

Have you been in situations where you are facing some problem with your bank and there seems to be no solution? Your temper is tested. You have called to complain and are getting switched from person to person, to no avail. Even the manager is hardly a help. You are not the only one to face such situations. It often doesn't help if you point out that you have been a loyal customer for X number of years.

It is said that it requires just one unhappy customer to taint the reputation of a business by talking about his bad experience. We see globally consumer demands rising and organizations adapting, changing or revamping their business models to keep pace with change. In this customer era what are banks, especially in the Indian context, doing to improve customer service? The challenge for banks today is to keep the customer experience and their overall perceptions central to all strategic thinking.

Customers Seek Greater Responsiveness

What is making customers seek greater responsiveness and transparency from banks? This is mostly coming about from shifts in demographics, incomes and even by the changes in attitudes and behavior of the customers. Globalization is enabling more and more Indians to travel to different countries, either for business or pleasure, where, in many countries, they are exposed to better services from banks. These are acting more of eye-openers when related to the Indian context.

Moreover, ease of accessibility of information is empowering customers. Banks thus have to keep their customers happy in order to survive.

In emerging markets such as in India, there still exists an overall trust in financial institutions. Customers are diversifying their portfolios, accessing more products and banking more and more. But in these countries too, the rank of discerning customers is steadily growing. Like in developed economies here too the customer is looking at the importance of brands as one of the important factors while choosing their main bank.

With foreign banks entering the market, customers in India consider brand strength particularly important. Banks need to provide customers a combination of low-cost banking, brand strength and personal attention in order to retain their trust.

Step Up Innovations

In order to grow, it has become imperative for banks to step up innovations around banking products and the services that they offer. As customer loyalty can no more be taken for granted, it is such innovations which will help them increase their market share while at the same time enriching their brand.

Customers today are getting more and more used to the convenience, accessibility and reliability provided by digital channels, and particularly the internet and ATMs. Non-functional ATMs are a common site in India. Even if an ATM is apparently functional, there is no guarantee that your transaction will be 100 percent smooth. In case of any problem it will take weeks for redressal.

Customers today expect technology to be leveraged to deliver a more seamless and personalized experience. This will allow the deployment of new customer treatment strategies – using mobile, email and social media – to drive appropriate cross sales and retention outcomes.

For retail bankers this will be the major competitive edge.

Responsible Banking and Greater Communication

Responsible banking is that which introduces services and applications that allow customers to manage their finances better. This will be a significant customer satisfaction differentiator, and will simultaneously reinforce a bank's commitment to its customers.

As long as it is relevant and covers their concerns, customers are open to greater communication. The new age customers have grown up with technology. They are accustomed to text messaging, video chat, instant messaging, use of social media along with personal websites and blogs and expect the same types of communication from banks.

Technology and Personalized Experiences

A mix of technology and personalized experiences (in the form of advice, products, and services) is what banks need to provide to retain customers and keep them happy. While the younger lot demands online and mobile banking, others seek greater consultative services at bank branches. Bank branches should provide fast and efficient service, avoid long waits and carry out fast complaint redressals. Customers want banks to live by their commitment and provide problem-free service.

They have to obtain customer loyalty and make all-out efforts to retain existing and loyal customers.

Banks not only need to improve customer interface but rely more on the use of data analytics to identify new and more profitable segments. This would enable banks to free up resources who

can focus on consultative sales. This is the way to achieving larger market share without raising costs.

Threat from Non-Banking Players

There is also the trend where technology, social and business digital communities are taking customers and potential customers out of banks' networks. Banks now are to be wary of financial services from the non-banking companies. These offer everything from payment apps to crowd-sourced loans as new ways to woo banks' customers. Backed by a trove of data they make tailored real time offers which meet the customers' needs bang on. The customer pays using a PayPal, Paytm, Google Wallet or some other such app on his phone.

In the entire process there is no involvement of any bank anywhere. These factors have increased customers' expectations about convenience and personalization.

Banks, on their part, can use their customer demographic data to drive new product development, create marketing campaigns and increase service channels.

Conclusion

Just like retail banking customers, there are changing expectations from commercial customers too. Along with technology, emerging business-to-business, business-to-consumer and consumer-to-consumer models are bringing about dramatic changes in the banking sector.

Banks now have to understand customer needs and offer solutions before others can do that. They should add value through knowledge and customer service.

Keeping the regulatory and legal constraints in mind banks still have to find an answer to the services offered by non-bank entities. This can be easily done by harnessing the same tools that non-banking financial companies use. That is, make customized offers by accessing real time data with the use of powerful computing and by mastering mobile and computing technology.

However, face-to-face interactions remain as important as ever and banks must not lose sight of earning economic values through customer loyalty.

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